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Producers 88 (4-89) — Paid Up With 640 Acres Pooling Provision STANDARD LEASE W/ OPTION v.3

# PAID UP OIL AND GAS LEASE

(No Surface Use)

PROPERTY SERVICES, L.L.C. 2100 Ross Avenue, Suite 1870 Dallas Toxas 75201. as Lessee. All printed portions of blank spaces) were prepared jointly by Lesses and Lesses and Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lesses and Lesses. Social respective provisions (including the completion of blank spaces) were prepared jointly by Lesses and Lesses. But all other provisions (including the completion of blank spaces) were prepared jointly by Lesses and the section of the provision of the completion of blank spaces. Were prepared jointly by Lesses the following described and, hereinather colled eases premises:  9.211 ACRES OF LAND, MORE OR LESS, BEING BIR 3 Lot 3. OUT OF THE Williage Meadows Addition.  AN ADDITION TO THE CITY OF FORT WORTH, BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS IN THAT CERTAIN PLAT RECORDED IN VOLUME PARTICULARLY DESCRIBED BY METES AND BOUNDS IN THAT CERTAIN PLAT RECORDED IN VOLUME PARTICULARLY DESCRIBED BY METES AND BOUNDS IN THAT CERTAIN PLAT RECORDED IN VOLUME AND ADDITIONS OF TARRANT COUNTY, TEXAS.  In the county of TARRANT State of TEXAS, containing any objective previous prepared print of the propage of easiering of deserving in reducing providing providing any interests therein which Lesson rays where the providing recording and marketing oil and age, along with all they described the additional providing providing and marketing of an additional providing and providing any interests therein which Lesson rays where the providing the providing providing providing providing providing and providing any interests therein which Lesson rays where the providing the providing providing and providing any interests and any additional or supplemental instruments for a more complete or about the providing any interests and any additional or supplemental instruments for a more complete or about the providing and providing any interests and any additional or supplemental instruments for a more complete or about the providing and any a	THIS	LEASE	- At	is made		10		of <u>_</u>	uly_	1	2008,	•	and	between
PROPERTY SERVICES, L.L.C., 2100 Ross Avenue, Suite 1870 Dallas Texas 75201., as Lessee. All printed portions of this lease were prepared jointly by Lessor and Lessee.  1. In conditionation of a path board in the coverants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described and, hereinather called resources in here path and the coverants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described and, hereinather called resources premises:  2,211 ACRES OR FLAND, MORE OR LESS, BEING BIR 3 Lot 3.  AN ADDITION TO THE CITY OF FORT WORTH, BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS IN THAT CERTAIN PLAT RECORDS IN VOLUME A PAGE 14-14 OF THE PLAT RECORDS OF TARRANT COUNTY. TEXAS.  In the county of TARRANT Stele of TEXAS, containing		20 - 04		- 1 - 1 -		, a wide		~~~	,					
this lease were prepared by the party hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.  1. In consideration of a cash borus in land paid and the coverants herein contained, Lessor hereby grants, lessee and lete exclusively to Lessee the following described and hereinatter called lessee premiser called lessee premiser.  2.211 ACRES OF LAND, MORE OR LESS, BEING BIR 3 Lot 3. OUT OF THE VIIIage Meadows Addition AN ADDITION TO THE CITY OF FORT WORTH, BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS IN THAT CERTAIN PLAT RECORDED IN VOLUME A PAGE 34-4. OF THE PLAT RECORDED OF TARRANT COUNTY, TEXAS.  In the boothy of TARRANT, Statu of TEXAS, containing 0.2.11 grass acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring to, developing, producing and marketing oil and gas, along with all hydrocarbon and not not hydrocarbon and contained in the producing of the producing and marketing oil and gas, along with all hydrocarbon and not not hydrocarbon and contained and producing and marketing oil and gas, along with all hydrocarbon and not not hydrocarbon producing and marketing oil and gas, along with all hydrocarbon and contained and producing and the producing and producing and producing and marketing oil and gas, along with all hydrocarbon and explained to the producing of the producing producing and marketing oil and gas, along with all hydrocarbon and explained producing and producing producing and producing producing and pr									=====					
blank spaces) were prepared jointly by Lessor and Lessee.  1. In consideration of a gash borus in hand paid and the covenants herein contained, Lessor hereby grants, lessees and lete exclusively to Lessee the following described and, hereinather called lessed premises:  2.211 ACRES OF LAND, MORE OR LESS, BEING BIK 3 Lot 3. OUT OF THE Village Meadows Addition AN ADDITION TO THE CITY OF FORT WORTH, BEING MORE PARTICULARLY DESCRIBED BY METERS AND BOUNDS IN THAT CERTAIN PLAT RECORDED IN VOLUME A PAGE 1444 OF THE PLAT RECORDS OF TARRANT COUNTY, TEXAS.  In the south of TARRANT, Gates of TEXAS, operating, 0.211 garden acres, more or less (including any interests therein which Lessor may hereafter acquire by revenue), prescription or otherwise, for the purpose of exosterior, of the purpose of exosterior or the substances produced in association inherential including appropriate producing and inherential including any indications and purpose or the purpose of design of the purpose of exosterior or the purpose of design of the purpose of exosterior or the purpose of design of the purpose of exosterior or the purpose of design of the action of the affort or the purpose of design of the purpose of exosterior or the purpose of design in the purpose of exosterior or the substances or the purpose of design in the purpose of exosterior or the substances or the purpose of design in the purpose of the purpose of exosterior or the purpose of exosterior of substances or the purpose of exosterior of the purpose of the														
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CERTAIN PLAT RECORDE IN VOLUME														
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in the county of TARRANT, State of TEXAS, containing O.2.11 gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of expóring for, developing, producing and marketing oil and gas, along with all hydrocarbon and non hydrocarbon substances produced in association herewith (including geophysical/sessimon operations). The term' gas's as used herein includes helium, carbon diodocid and other commercial gases, as well as hydrocarbon gases. In addition to the above-described lessaed premises, this lessae also covers accretions and any small strips or pacifis of fair frow or execute at Lessaes an expectat any additional or supplemental instruments for a more complete or accurate description of the fair and so covered. For the purpose of determining the amount of any shuf-in royalles hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.  2. This lease, which is a 'pact-up' lesse requiring no rentals, shall be in force for a primary term of Intee (3) years from Indeed and the provisions hereof.  3. Royalites on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the troyalty shall be Inventigation of the same field for if there is no such price then prevailing in the same field. The in the nearest field in which there is such a prevailing princip purpose. The production of the lessee's production and pravity, by for gas (including carein) price day that the same field, then in the nearest field in which there is such a prevailing princip purpose and pravity, by for gas (including carein) price gas or other substances occurred hereby the production and every production at the wellhead market price then prevailing princip purpose and pravity, by for gas (including carein) and other substances occurred hereby the production and other sub		FLAT NEC	OKDED IN VOLU	אור	+	, PAGE	740	0F 1	HE FLAI	NEO	JND3 C	71 174N	.TVAIN I	COONTI
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substances produced in association therewth (including geophysical/sesmic operations). The term 'gas' as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any small straps or proclase of land now or hereafter owned by Lessos which are contiguous or adjacent to the above-described leased premises, and, in consideration of the above-described premises are considered to the process of the above-described and the described of the land so covered. For the purpose of determining the amount of any shuff in providing hereof.  2. This lease, which is a "paid" prile serve equiting no rentals, shuff but he in force for a primary term of Time Time (a) which is made to the providing the providing one providing the providing one providing the providing one providers and the providing one providing the providing one providing the providing one providing the providing one providing the providing the providing one production of the delivered at Lesses's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lesses shall have the continuing right to purchase such production at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lesses shall have the continuing right to purchase such production at the evidence of the providing provided provid					n for devi	_gross acres, r elonina _nrodui	more or less cing and ma	(Including) Trketing oil	any interest	s tnereir Iona witl	ı wnıçn Le ı all hydr	essor may ocarbon	/ nereaπ and non	ter acquire by hvdrocarbon
hereaffer owned by Lessor which are configuous or adjacent to the above-described leased premises, and, in consideration of the afforementioned cash bonus, Lessor agrees to execute at Lessee's acquest any additional or supplemental instruments for a more complete or accounted escription of the land so covered. For the purpose of determining the amount of any shuf-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.  2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of Three (3) years from the date hereof, and for as long the rental purpose of determining the amount of any shuf-in royalties hereoff and the produced in paying quantities from the leased premises or from lends pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.  3. Royalities on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royality shall be Twenty Five Percent (25)% of such production, to be delivered at Lessee's application of the semilar of the continuing right to purchase such production of the semilar production of the results of the production of the semilar production of semilar production of the semilar production of semilar production of the semilar production of	substances pi	roduced in ass	Sociation therewith (inc	luding geophysic	al/seismic	operations). T	he term *ga	s" as used	herein includ	des heliu	ım, carbor	ı dioxide	and other	er commercial
execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acress above specified shall be deemed correct, whether actually more or fess.  2. This lesse, which is a "paid-up" lesse requiring no rentals, shall be in force for a primary term of Three. (3) years from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises of from lands pooled therewith or this lesse is otherwise maintained in effect pursuant to the provisions hereor.  3. Royaltes on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be Twenty Five Percent (25)% of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor a credit at the oil purchaser's transportation facilities, provided that Lessee shall have the confinuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the hearest field in which there is such a prevailing price port of a such parts and the costs increased and gravity. (b) for gas (including casing heard gas) and all other substances covered hereby, the royalty shall be Twenty Five Percent (25)% of the processing or otherwise marketing such gas or other substances occurred to a such as prevailing price port of the such as a constant of a such as prevailing price port of the such as a constant of a such as prevailing price port of the such as a constant of a such as a constant of the such as a constan	gases, as we hereafter own	ll as hydrocar ed hy Lessor :	bon gases. In additio	п to the above-	described le	eased premise	s, this lease	also cove	rs accretions	s and ar	ny small s mentioned	tπps or p Leash bo	arcels o' nus Les	fland now or sor agrees to
2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of Three. (3) years from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.  3. Royalties on oil, gas and other substances produced and seaved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separated rate follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separated rate lessee's spearate follows: (a) For oil and other liquid hydrocarbons separated at Lessee's spearate follows: (a) For oil and other substances covered hereby, the royalty shall be Twenty [Five Percent (25)% of the proceeds or similar grade and grantly; (b) for gas (including casing head gas) and all other substances covered hereby, the royalty shall be Twenty [Five Percent (25)% of the proceeds realized by Lessee from the sale thereof less a proportionate part of ad valorem lasee and production, severage in severage or otherwise maintering such gas or other substances, provided that Lessee shall have the continuing right to purchase such production at the prevailing will be the same feeld, but there is no such prevailing price by production at the prevailing will be the same feeld, but there is no such prevailing price production and represent the such as prevailing price pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases is such as prevailing price pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases for other such as a prevailing price pursuant to the such as a such as a such as a such as a such part of the purchase such part of the purchase such part of the	execute at Les	ssee's reques	t any additional or sup	plemental instrur	nents for a	more complete	e or accurate	e descriptio	n of the land	I so cove	ered. For	the purpo	ose of de	etermining the
gas or other substances covered hereby are produced in paying quantities from the leased premises or from lends pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions herein facilities, the royalty shall be Twenty Five Percent (25)% of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the confinuing right to purchase such production at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the confinuing right to purchase such production at the wellhead market price enterprevaling in the same field, then in the nearest field in which there is such a prevailing price; for production of similar grade and grawly; (b) for gas (including casing head gas) and all other substances covered hereby, the royalty shall be Twenty Five Percent (25)% of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production. severance or other excise texts and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substances, provided that Lessee shall have the confinuing right to purchase such production at the prevailing which there is such a prevailing price; by production of similar quality in the same field, or if there is no such price then prevailing price; by production of similar quality in the same field or if there is no such price then prevailing price; by production of similar quality in the same field, or if there is no such price then prevailing price; by production of similar quality in the same field, or if there is no such price then prevailing price; by production of similar quality in the same field, or if there is no such price then prevailing price; by production from a such price that the same or nearest preceding date as the date on which Lessee thereon the production of the price of the prod	amount of any	/ shut-in royalt	ies hereunder, the num	ber of gross acro	es above sp	pecified shall be	e deemed co	rrect, wheth	her actually r	nore or I	ess.			
gas or other substances covered hereby are produced in paying quantities from the leased premises or from lends pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions herein facilities, the royalty shall be Twenty Five Percent (25)% of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the confinuing right to purchase such production at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the confinuing right to purchase such production at the wellhead market price enterprevaling in the same field, then in the nearest field in which there is such a prevailing price; for production of similar grade and grawly; (b) for gas (including casing head gas) and all other substances covered hereby, the royalty shall be Twenty Five Percent (25)% of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production. severance or other excise texts and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substances, provided that Lessee shall have the confinuing right to purchase such production at the prevailing which there is such a prevailing price; by production of similar quality in the same field, or if there is no such price then prevailing price; by production of similar quality in the same field or if there is no such price then prevailing price; by production of similar quality in the same field, or if there is no such price then prevailing price; by production of similar quality in the same field, or if there is no such price then prevailing price; by production of similar quality in the same field, or if there is no such price then prevailing price; by production from a such price that the same or nearest preceding date as the date on which Lessee thereon the production of the price of the prod	2. This le	ease, which is	a "paid-up" lease requi	ring no rentals, s	hall be in fo	orce for a prima	ry term of T	hree (3) y	ears from th	ie date h	ereof, and	for as lo	ong there	eafter as oil or
3. Royalties on oil, gas, and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be TWenty Five Percent (2.5)% of such products, to be delivered at Lessee's soprior bot Lessor at the wellhead or to Lessor at the lessee's production of the wellhead or to Lessor at the wellhead production of the production of similar grade and gravity; (b) for gas (including casing head gas) and all other substances covered hereby, the royalty shall be Twenty Five Percent (2.5)% of the production of similar grade and gravity; (b) for gas (including casing head gas) and all other substances covered hereby, the royalty shall be Twenty Five Percent (2.5)% of the proceeds realized by Lessee from the sale thereof, less a proportionate part of advancern taxes and production, are received by the production of the production of similar gradely such gas contracts entered into on the same received the continuing grider by purchase such production at the prevailing wellhead market price gain of grade grade grades and the costs incurred by Lessee in discussions and the costs incurred by Lessee in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparately purchase contracts entered into on the same or nearest preceding data as the date on which Lessee commences its purchases received hereign price purchase contracts entered into on the same or nearest preceding data as the date on which Lessee some numbers are such as the production of the produ	gas or other s	ubstances cov	/ered hereby are produ	iced in paying qu	antities fro	m the leased p	remises or f	rom lands p	oooled there	with or th	iis lease is	otherwis	∍e mainta	ained in effect
separated at Lessee's separator facilities, the royalty shall be Twenty Five Percent (25)% of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oily purchaser's transportation facilities, provided that Lessee shall have the continuing that purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity. (b) for gas (including casing head gas) and all other substances covered hereby, the royalty shall be Twenty Five Percent (25)% of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorent texes and production, severance, or other existe taxes and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substances, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder; and (c) if at the end of the primary term or any time thereafter one or more wells on the lessed premise of a thing sold by Lessee, such well or wells and such therefore the production in the prevailing price of the primary of the production of sold or other substances covered hereby in paying quantities or such well or wells are substances or such well or wells are substances or such well or wells are substances or such well and the sale of the primary of the production of the production of the primary of th				es produced and	d saved he	ereunder shall	be paid by l	_essee to l	Lessor as fo	illows: (	a) For oil	and other	er liguid	hydrocarbons
then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity. (b) for gas (including casing head gas) and all other substances overed hereby, the Verty Verty Percent (25)% of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substances, provided that the sees shall the continuing gift to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing rice) pursuant to comparable purchases contracts entered into on the same or nearest precing date as the date on which Lessee commences its purchases hereunder; and (c) if at the end of the primary term or any time thereafter one or more wells on the leased premises or lands poded therewith are capable of either producing oil or gas or others substances covered hereby in paying quantities or such wells are substances covered hereby in paying quantities or such wells are substances or any such as the prevailing of the purchase of the purpose of maintaining this lesse. If for a period of 90 consecutive days such well or wells as but in or production there from is not being sold by Lessee, but well or wells are sub-time or production there from is not being sold by Lessee; the under the production there from is not being sold by Lessee; the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period mark following cessaristion of such operations or production there from to be in being sold by Lessee; the production there from to be in paying quantities produced that it in lesses is obtaining the same than the production there from the production there from the production of the	separated at 1	Lessee's sepa	rator facilities, the roya	ity shall be Two	enty Five	e Percent (2	25)% of suct	production	n, to be deliv	ered at l	_essee's c	ption to I	Lessor at	t the wellhead
similar grade and gravity; (b) for gas (including casing head gas) and all other substances covered hereby, the royalty shall be Twenty Five Percent (25)% of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production of small processing or otherwise marketing such gas or other substances, provided that Lessee shall have the continuing right to purchase such production at small guality in the same field (or if there is no such criterion than the prevailing wellhead market price paid for production of smallar quality in the same field (or if there is no such criterion than the prevailing wellhead market price paid for production of smallar quality in the same field (or if there is no such criterion than the prevailing wellhead market price paid for production of smallar quality in the same of mearest preceding date as the date on which Lessee commences its purchases such as prevailing procept pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases such as the substances covered hereby in paying quantities of such well and the production there from is not being sold by Lessee, which are well as a such as a prevailing procept pursuant to the production there from is not being sold by Lessee, provided that if this leases, such payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period well the well or wells are shut-in or production there from is not being sold by Lessee, provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells are provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee, provided that if this lease is otherwise being maintained by operations or production. Lessee's failure to properly pay shut-in royally shall render Lessee latellie for the amount	or to Lessor's	credit at the	oil purchaser's transpor	rtation facilities,	provided th	at Lessee shal	II have the co	ontinuing ri	ght to purcha	ase such	production	on at the	wellhead	I market price
realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substances, provided that Lessee shall tat Lessee that the taxes that the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder; and (c) if at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of either producting oil or gas or other substances covered hereby in paying quantities of the purpose of maintaining that in or production there from is not being sold by Lessee, such well or wells as the land in evertheless be deemed to be producing in paying quantities for the purpose of maintaining this lease. If for a period of 90 consecutive days such well or wells are shut-in or production there from is not being sold by Lessee, such payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut-in or production there from is not being sold by Lessee in the same provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until the end of the 90-day period next following oessation of such operations or production. Lessee's failure to properly pay shut-in royalty shall render Lessee is lable for the amount due, but shall not operate to terminate this lease.  4. All shut-in royalty payments under this lease shall be paid or tendered to Lessor or to Lessor's credit in at lease of the said paymen	similar orade :	and gravity: (b	neid (or it there is no : i) for das (including cas	such price then   sing head gas) a	nd all other	ri ulle same ner L'empetances co	a, men in m vered hereb	v. the roval	tv shall be 7	wenty	Five Po	ercent (	25)% of	the proceeds
wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevaling in the pursuant to comprable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder; and (c) if at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of either producting oil or gas or other substances covered hereby in paying quantities or such wells are waiting on hydraulic fracts immulation, but such well or wells are either production there from is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing in paying quantities for the purpose of maintaining this lease. If for a period of 90 consecutive days such well or wells are shut-in or production there from is not being sold by Lessee, such payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut-in or production there from is not being sold by Lessee, provided that if this lease is cotherwise being maintained by operations, or if production is being sold by Lessee, provided that if this lease is cotherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until the end of the 90-day period next foliowing cessation of such operations or production. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not obeyrate to terminate this lease.  4. All shut-in royalty payments under this lease shall be paid or tendered to Lessor or to Lessor's credit in a Lessor's appoint proper payment in the depository agent for receiving payments regardless of changes in the ownership of said land. All pay	realized by Le	essee from the	e sale thereof, less a i	proportionate pa	rt of ad val	lorem taxes an	d production	i, severanci	e, or other e	excise ta	xes and t	he costs	incurred	by Lessee in
such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder; and (c) if at the end of the primary term or any time thereafter one or more wells on the lead premises or lands pooled therewith are capable of either producing oil or gas or other substances covered hereby in paying quantities or such wells are waiting on hydraulic fracture stimulation, but such well or wells are either shut-in or production there from is not being sold by Lessee, such payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period while the well or wells are shut-in or production there from is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells are shut-in or production there from is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royally shall be due until the end of the 90-day period next following cessation of such operations or production. Lessee's failure to properly pay shut-in royally shall render Lessee liable for the amount due, but shall not operate to terminate this lease.  4. All shut-in royally payments under this lease shall be paid or tendered to Lessor's credit in at 1essor's address above or its successors, which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be made in currency, or by check or by draft and such payments or tenders to Lessor or the depository by deposit in the US Malis in a stamped envelope addressed to the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should liquidate	delivering, pro	ocessing or other	herwise marketing suc	h gas or other s	ubstances.	provided that	Lessee shall	have the o	continuing rig	ght to pu	ırchase su	ıch produ	etion at	the prevailing
hereunder; and (c) if at the eng of the primary term or any time thereafter one or more wells are waiting on hydraulic fracture stimulation, but such well or wells are waiting on hydraulic fracture stimulation, but such well or wells are waiting on hydraulic fracture stimulation, but such well or wells are shall revertheless be deemed to be producing in paying quantities for the purpose of maintaining this lease. If for a period of 90 consecutive days such well or wells are shut-in or production there from is not being sold by Lessee, such payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut-in or production there from is not being sold by Lessee, provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee; of the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut-in or production there from is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee; and the provided premises or lands people of the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period well and 140-day period while the well or wells are shut-in or producing the said 140-day period and thereafter on or before each anniversary of the end of said 90-day period well the said 140-day period while the well or wells are said 140-day period while the well or wells are said 140-day period well a	such a prevail	ling price) pur:	Suant to comparable p	urchase contract	s entered i	nto on the sam	ne or nearest	preceding	date as the	date on	which Les	ssee com	mences	its purchases
from is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing in paying quantities for the purpose of maintaining this lease. If for a period of 90 consecutive days such well or wells are shut-in or production there from is not being sold by cessee, then Lessee shall pay shut-in royalty of one dollar per acre then covered by this lease, such payment to be made to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut-in or production there from is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee; monther well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until the end of the 90-day period next following cessation of such operations or production. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.  4. All shut-in royalty payments under this lease shall be paid or tendered to Lessor or to Lessor's credit in at 1 seasor's address above or love the seasor's depository agent for receiving payments requiredess of changes in the ownership of said land. All payments or tenders may be made in currency, or by check or by draft and such payments or tenders to Lessor or to the depository by deposit in the US Mails in a stamped envelope addressed to the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution as depository agent to receive payments address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution as depository agent to receive payments and the rese	hereunder; an	id (c) if at the e	and of the primary term	or any time ther	eafter one	or more wells o	in the leased	l premises o	or lands pool	ed there	with are c	apable of	either pr	roducing oil or
by this lease, such payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut-in or production there from is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until the end of the 90-day period next following cessation of such operations or production. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.  4. All shut-in royalty payments under this lease shall be paid or tendered to Lessor or to Lessor's credit inat_lessor_s depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be made in currency, or by check or by draft and such payments or tenders to Lessor or to the depository by deposit in the US Mails in a stamped envelope addressed to the depository or to the Lessor at the last address known to Lessee's shall constitute proper payment. If the depository should liquidate or be succeeded by another institution, or for any reason fail or refuse to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution as depository agent to receive payments.  5. Except as provided for in Paragraph 3, above, if Lessee drills a well which is incapable of producing in paying quantities of the residence or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force	from is not be	ing sold by Le	Ssee, such well or well	s shall neverthel	ess be dee	emed to be pro-	ducing in pay	ing quantit	ies for the pr	urpose o	f maintain	ing this le	ease. If f	for a period of
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due until the end of the 90-day period next following cessation of such operations or production. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.  4. All shut-in royalty payments under this lease shall be paid or tendered to Lessor or to Lessor's credit in at lessor's address above or its successors, which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be made in currency, or by check or by draft and such payments or tenders to Lessor or to the depository by doesdo in the company of the depository or to the depository or to the depository should liquidate or be succeeded by another institution, or for any reason fail or refuse to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution as depository agent to receive payments.  5. Except as provided for in Paragraph 3, above, if Lessee drills a well which is is incapable of producing in paying quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 3 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other ope	each annivers	sary of the end	of said 90-day period	while the well o	r wells are	shut-in or prod	luction there	from is not	t being sold l	by Lesse	e provide	ed that if	this lease	e is otherwise
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shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be made in currency, or by check or by draft and such payments or tenders to Lessor or to the depository by deposit in the US Mails in a stamped envelope addressed to the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution, or for any reason fail or refuse to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution as depository agent to receive payments.  5. Except as provided for in Paragraph 3. above, if Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or restore production there from, this lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than 90 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as ther	amount due, b	out shall not op	Perate to terminate this	lease.										
by draft and such payments or tenders to Lessor or to the depository by deposit in the US Mails in a stamped envelope addressed to the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution, or for any reason fail or refuse to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution as depository agent to receive payments.  5. Except as provided for in Paragraph 3. above, if Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or restore production there from, this lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than 90 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities on the leased pre	4. All shi	ut-in royalty pa or's denositoru	lyments under this leas	se shall be paid o	or tendered	to Lessor or to	) Lessor's ch archin of said	editin <u>at</u>	lessor'	s add:	ress at	ove or	ittency (	essors, which or by check or
address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution, or for any reason fail or refuse to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution as depository agent to receive payments.  5. Except as provided for in Paragraph 3. above, if Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force in the event this lease is not otherwise perations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or restore production there from, this lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than 90 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall full such additional wells on the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities on	by draft and s	such payments	or tenders to Lesson	or to the deposit	ory by dep-	osit in the US I	Mails in a sta	amped enve	elope addres	ssed to t	he deposi	tary or to	the Less	sor at the last
5. Except as provided for in Paragraph 3, above, if Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or restore production there from, this lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than 90 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells on the leased premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or lands pooled therewith, or (b) to protect the leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to dril	address know	n to Lessee s	shall constitute proper	payment. If the	depository	should liquida	ite or be suc	ceeded by	another institution	titution, d	or for any	reason f. ent to rec	ail or refi eive nav	use to accept
premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or restore production there from, this lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than 90 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells on the leased premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or lands pooled therewith, or (b) to protect the leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.  6. Lessee shall have the right but not the obligation to pool all or any part of the lease	<ol><li>Excer</li></ol>	ot as provided	for in Paragraph 3, a	bove, if Lessee	drills a wel	II which is inca	pable of pro	ducing in p	paying quant	iities (he	reinafter c	alled dr	y hole") (	on the leased
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initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means	and "gas well"	" shall have th	e meanings prescribed	l by applicable la	w or the at	opropriate gove	emmental au	tharity, or, i	if no definitio	nis so p	rescribed	, "oil well'	" means	a well with an
	initial gas-oil in production tes	ratio of less th st conducted u	ián 100,000 cubic feet Nder normal producing	per barrel and " conditions using	gas well" n   standard l	neans a well w ease separator	ntn an initial facilities or o	gas-on ratio equivalent t	o ot 100,000 lesting equip	nent; an	et or mor id the term	e per dai 1 "horizon	rei, base ital comp	pletion" means

production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component thereof. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of that total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and stating the effective date of revision. To the extent any portion of the leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly. In the absence of production in paying quantities from a unit, or upon permanent cessation thereof, Lessee may terminate the unit by filing of record a written 7. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shut-in royalties payable hereunder for any well on any part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises.

8. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate in the depository designated above. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons or to their credit in the depository, either jointly or separately in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest, and failure of the transferee to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between

Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.

9. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones there under, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in

accordance with the net acreage interest retained hereunder.

10. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized herewith, in primary and/or enhanced recovery. Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the leased premises, except water from Lessor's wells or production. Lesses that was in socious activities to cost, any on, gas, water about other satisfactoristics of the cost and socious producting or marketing from the leased premises or lands pooled therewith, the ancillary rights granted herein shall apply (a) to the entire leased premises described in Paragraph 1 above, notwithstanding any partial release or other partial termination of this lease; and (b) to any other lands in which Lessor now or hereafter has authority to grant such rights in the vicinity of the leased premises or lands pooled therewith. When requested by Lessor in writing, Lessee shall bury its pipelines below ordinary plow depth on cultivated lands. No well shall be located less than 200 feet from any house or barn now on the leased premises or other lands used by Lessee hereunder, without Lessor's consent, and Lessee shall pay for damage caused by its operations to buildings and other improvements now on the leased premises or such other lands, and to commercial timber and growing crops thereon. Lessee shall have the right at any time to remove its fixtures, equipment and materials, including well casing, from the leased premises or such other lands during the term of this lease or within a reasonable time thereafter.

premises or such other lands during the term of this lease or within a reasonable time thereafter.

11. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction including restrictions on the drilling and production of wells, and the price of oil, gas, and other substances covered hereby. When drilling, reworking, production or other operations are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay, and at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, production or other operations are so prevented, delayed or interrupted.

12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase

pertinent terms and conditions of the offer. Lesses in the first and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or canceled in whole or in part unless Lessee is given a reasonable time after said

judicial determination to remedy the breach or default and Lessee fails to do so.

14. For the same consideration recited above, Lessor hereby grants, assigns and conveys unto Lessee, its successors and assigns, a perpetual subsurface well bore easement under and through the leased premises for the placement of well bores (along routes selected by Lessee) from oil or gas wells the surface locations of which are situated on other tracts of land and which are not intended to develop the leased premises or lands pooled therewith and from which Lessor shall have no right to royalty or other

benefit. Such subsurface well bore easements shall run with the land and survive any termination of this lease.

15. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved

Notwithstanding anything contained to the contrary in this lease, Lessee shall not have any rights to use the surface of the leased premises for drilling or other operations.

17. Lessor, and their successors and assigns, hereby grants Lessee an option to extend the primary term of this lease for an additional period of <u>Two</u> (2) years from the end of the primary term by paying or tendering to Lessor prior to the end of the primary term the same bonus consideration, terms and conditions as granted for this lease

DISCLAIMER OF REPRESENTATIONS: Lessor acknowledges that oil and gas lease payments, in the form of rental, bonus and royalty, are market sensitive and may vary depending on multiple factors and that this Lease is the product of good faith negotiations. Lessor understands that these lease payments and terms are final and that Lessor entered into this lease without duress or undue influence. Lessor recognizes that lease values could go up or down depending on market conditions. Lessor acknowledges that no representations or assurances were made in the negotiation of this lease that Lessor would get the highest price or different terms depending on future market conditions. Neither party to this lease will seek to alter the terms of this transaction based upon any differing terms which Lessee has or may negotiate with any other lessors/oil and gas

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

SEE EXHIBIT "A" ATTACHED HERETO AND BY REFERENCE MADE A PART HEREOF

LESSOR (WHETHER ONE OR	MORE)	
Signature:	litti TSooredov	Signature:
· —		
Printed Name:	Edith T Spangler	Printed Name:

## ACKNOWLEDGMENT

OTATE OF TEVAS	ACKNOTILEDGINERI	
STATE OF TEXAS COUNTY OF TARRANT This instrument was acknowledged before me on the	10 day of July.	2008, by Edith T. Spang
	·	CA-A-
	Notary Public,	State of Texas
		EMIGDIO ALFONSO QUINTERO
OTATE OF TEVA	ACKNOWLEDGMENT	MY COMMISSION EXPIRES November 22, 2008
STATE OF TEXAS COUNTY OF TARRANT		
This instrument was acknowledged before me on the	day of ,	2008, by

Notary Public, State of Texas

#### **EXHIBIT "A"**

Attached to and made a part of the O	il, Gas and Mineral Lease dated	7-10-08	, 2008 between Dale Property Services, LLC, a
Lessee, and	Edith + Bacolul:	م سانگانی	, a
Lessor; WITNESSETH:			

- (18) NO DEDUCTIONS. Lessee agrees that all royalties accruing under this lease (including those paid in kind) shall be without deduction for the cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting, and otherwise making the oil, gas and other products hereunder ready for sale or use. Lessee agrees to compute and pay royalties on the gross value received, including any reimbursements for severance taxes and production related costs. If the Lessee sells gas to a company in which Lessee owns an interest, legal or beneficial, or any company of which it is a subsidiary or parent company, Lessee agrees to pay Lessor for Lessors share of the gas based on the highest price being paid in the general area for gas of similar quality if that amount exceeds the amount paid to Lessee. On non-recoupable proceeds or benefits received by Lessee, such as for take-or-pay, reserves dedication or any other benefits received by the Lessee, Lessee agrees to pay Lessor twenty-five percent (25%) of the proceeds and/or benefits received by the Lessee, its successors and assigns. If the products subject to this lease are enhanced, by any method, and the Lessee, a subsidiary, parent or affiliate of Lessee receive additional benefits, due to the enhancement, Lessor shall receive twenty-five percent (25%) thereof. However, any such costs which result in enhancing the value of the of the marketable oil, gas or other products to receive a better price may be deducted from Lessor's share of production as long as they are based on Lessee's actual cost of such enhancements. In no event shall Lessor receive a price that is less than, or more than, the price received by Lessee from an unaffiliated third party purchaser. Lessee is obligated to treat Lessor with utmost good faith and keep the Lessor whole.
- (19) <u>SHUT IN ROYALTIES</u>. Notwithstanding anything contained herein to the contrary, the shut-in royalty shall be \$25.00 per acre. After the end of the primary term, this lease may not be maintained in force solely by reason of the shut-in royalty payments, as provided heretofore, for any one shut-in period of more than two (2) consecutive years.
- (20) <u>TERMINATION</u>. At the end of the primary term of this lease or upon the cessation of any drilling operations being conducted at the end of the primary term on the leased premises or on land pooled therewith, this lease shall terminate automatically as to all of the mineral estate lying more than 100' below the base of the Barnett Shale Formation.
- (21) FORCE MAJEURE. If, after a good faith effort, Lessee is prevented from complying with any express or implied covenant of this lease, from conducting drilling operations on the leased premises, or from producing oil and gas from the leased premises by reason of war, rebellion, riots, strikes, or acts of God, then while so prevented, Lessee's obligation to comply with such covenants shall be suspended and Lessee shall not be liable for damages for failure to comply with such covenants; additionally, this lease shall be extended while Lessee is prevented, by any such cause, from conducting drilling and reworking operations or from producing oil or gas from the leased premises. However, nothing in this paragraph shall suspend the time for payment of royalties, shut-in royalties or any other monetary payments due and payable to Lessor under this lease.
- (22) <u>BREACH OF CONTRACT</u>. In the event Lessor considers that Lessee has not complied with its obligation hereunder, both express and implied, Lessor shall notify Lessee in writing, setting out specifically in what respects Lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by Lessor. The service of said notice shall be precedent to the bringing of any action by Lessor against Lessee for any cause, and no such action shall be brought until sixty (60) days after service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by Lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that Lessee has failed to perform all its obligations bereunder.

In the event of a conflict between the terms of this addendum and the terms of the printed form lease, the terms of this addendum shall control.



### DALE RESOURCES LLC 2100 ROSS AVE STE 1870 LB-9

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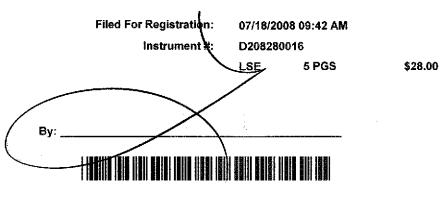
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13.

Submitter: DALE RESOURCES LLC

SUZANNE HENDERSON TARRANT COUNTY CLERK TARRANT COUNTY COURTHOUSE 100 WEST WEATHERFORD FORT WORTH, TX 76196-0401

# <u>DO NOT DESTROY</u> WARNING - THIS IS PART OF THE OFFICIAL RECORD.



ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

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